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The Dealer at California Livestock Auctions

by

Edwin C. Voorhies

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Acknowledgments

This publication is a portion of the California phase of a study being conducted by the Western Livestock Marketing Research Technical Committee.

The Committee includes agricultural economics staff members of the agricultural experiment stations of Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, Texas, Utah, Washington, Wyoming and Hawaii, and a member of the Bureau of Agricultural Economics of the United States Department of Agriculture.

Research is being conducted in the above-mentioned states and the territory of Hawaii on four phases of livestock marketing in the West. These include (1) an analysis of livestock auctions, (2) a study of costs and comparative prices and returns in moving western-produced livestock through various marketing channels, (3) trends in the western demand for meat in relation to the supplies originating in the western region, and (4) an analysis of methods and practices followed in the marketing of western feeder cattle.

The research on which this report is based was made possible partly by funds provided under the Research and Marketing Act of 1946.

Many persons furnished information and data which enabled the writer to carry out this portion of the livestock auction study. The operators of 15 California livestock auctions made available all available data on sales and purchases which were requested. Over 300 dealers furnished a considerable amount of the information analyzed in this publication and, of these, 154 were interviewed in person. The results of these latter interviews constitute the body of the data from which the results set forth in this report are derived. Without the cooperation of these dealers this report would not have been possible.

The interviews were conducted largely during 1950 by Nathaniel S. Mewhinney, then Assistant Specialist in Agricultural Economics, who resigned June 30, 1951.

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The Dealer at California Livestock Auctions

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Edwin C. Voorhies^{1/}

Introduction and Background

This study was undertaken as part of a research project in the marketing of livestock in the 11 Western states, Texas, and Hawaii (see Acknowledgments). Very early in the livestock auction analysis, it became evident that the dealer--after the farmer or rancher--accounted for the largest share of livestock auction patronage. Approximately one-fourth of the consignments to and one-third of the purchases from auctions were transacted by the dealer group in the Pacific Coast and Mountain states. The same relative position on the livestock auctions in Texas was held by this group.^{2/}

From a sample of 15 auctions (fig. 1) in California, the percentage of livestock sold by types of sellers and buyers in 1948 is shown in Table 1. The combined sales of these totaled \$28,729,000. Over 28 per cent of the consignments were made by dealers since those in categories 2, 3, 4, 5, and 6 of Table 1 were operating with licenses for dealers, commission merchants, cash buyers, or brokers (see p. 4). The percentage of purchases made by those with such licenses probably was greater as a very considerable number of those in category 7--butchers, slaughterers, packers--have licenses to buy and sell livestock.

Characteristics of Dealers

The concept that the livestock dealer is an independent operator buying and selling livestock for profit is somewhat inexact and inaccurate. No sharp boundaries can be set up which will readily encompass the livestock dealers of California. They are not members of a homogeneous group. Characteristics, among others, in which dealers differ include type of business, legal status, size, supplementary and complementary enterprises, range of connections, geographical location, etc. While these are only a few of the characteristics which place different dealers in diverse categories, it is believed that a description of these differences will lead to a better understanding of the place which the dealer occupies in livestock marketing.

The core of the study which has been conducted by the Western Livestock Marketing Research Technical Committee was the auction. Owing to delays in obtaining data plus the fact that the information furnished by dealers was readily available, it seemed desirable to report on the results of the California dealer phase of the larger study. Nevertheless, to focus attention

^{1/} Professor of Agricultural Economics, Agricultural Economist in the Experiment Station and Agricultural Economist on the Giannini Foundation of Agricultural Economics, University of California.

^{2/} McNeely, John G., and Charles B. Brotherton. Livestock Auctions in Texas. Texas Agr. Exp. Sta. Bul. 732, 1951, p. 26. The Texas publication is a part of the results of the study conducted by the Western Livestock Marketing Research Technical Committee.

FIGURE 1

Livestock Auctions, California 1948; Headquarters of Dealers in Study

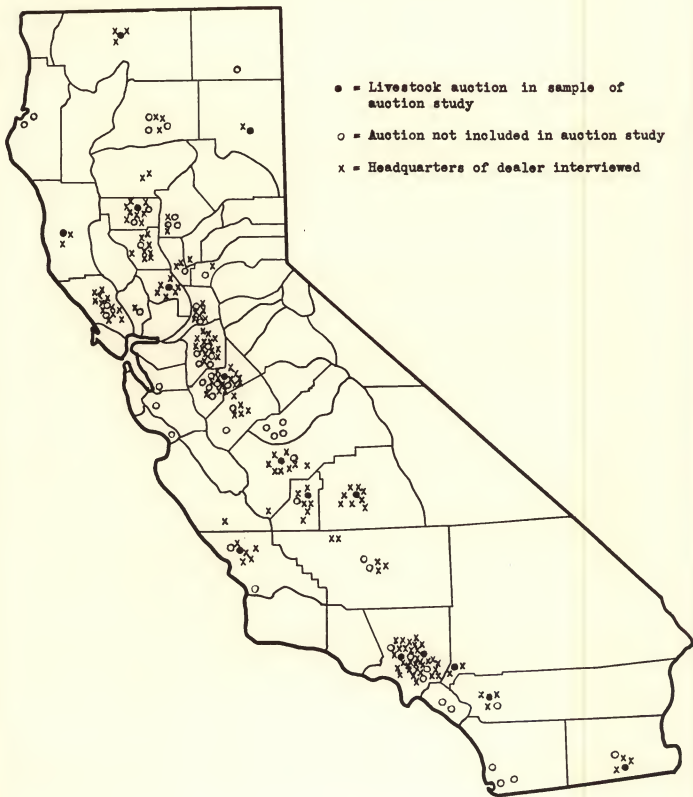




TABLE 1

Percentages of Livestock Sold and Purchased by Types of Sellers
and Buyers at California Livestock Auctions, 1948

Types of sellers and buyers	Cattle		Sheep		Hogs		Horses		All classes	
	Seller	Buyer	Seller	Buyer	Seller	Buyer	Seller	Buyer	Seller	Buyer
1. Rancher, farmer, feeder	69	35	79	44	86	32	73	40	70	35
2. Livestock dealer or truck buyer	20	19	14	20	7	25	18	49	19	19
3. Operator of auction at which sold or bought	7	2	3	2	5	2	4	2	7	2
4. Auctioneer or employee	1	<u>a/</u>	<u>a/</u>	0	<u>a/</u>	<u>a/</u>	<u>a/</u>	0	1	<u>a/</u>
5. Operation of another auction	1	4	3	2	<u>a/</u>	1	3	3	1	3
6. Order buyer	<u>a/</u>	4	0	5	0	6	0	0	<u>a/</u>	4
7. Packer, slaughterer, butcher	<u>a/</u>	36	<u>a/</u>	27	2	34	1	4	<u>a/</u>	37
8. Other than above	2	<u>a/</u>	<u>a/</u>	<u>a/</u>	<u>a/</u>	<u>a/</u>	1	2	2	<u>a/</u>
All types	100	100	99	100	100	100	100	100	100	100

a/ Less than 0.5 per cent.

only on dealer-auction relations would lead to a one-sided view of the trader and his operations. Some dealers operate on livestock auctions, a very considerable number trade on auctions at times while others have never patronized them. While the sample was drawn from dealers operating in the vicinity of livestock auctions (p. 5 and fig. 1), it seemed to be highly advantageous to analyze the total procurements and sales of livestock by the dealers (p. 9), dealers' consignments to and purchases from livestock auctions (p. 20), dealers' handling policies (p. 15), and order buying by dealers (p. 18).

Dealers are known by a wide variety of designations, some of which are related to functions performed--calf buyers, cow dealers, order buyers, etc. The method of settling transactions often is the basis for characterizations such as cash buyer, credit buyer, commission merchant, etc. More general designations are dealers, country dealers, local dealers, traders, scalpers, hucksters, speculators, etc.

The livestock dealer is not a newcomer in the marketing field. His predecessor was the drover who either bought livestock from ranchers or farmers and drove the stock to market or who performed the driving function for several producers.

Legal Status.--California passed a Produce Dealers Act in 1937^{2/} which is related to "the handling and sale of farm products in fresh condition" including livestock. Not all states have legislation of this type. Even in states where regulations exist there is often confusion and misunderstanding in different sections as the rules set up vary in the different states. Traders and dealers cross state lines, and increased truck use on improved highways, population shifts, livestock production changes, etc. increase the probabilities for a more frequent crossing of state boundaries.

Certain methods of transacting business are recognized in the California Act,^{4/} licenses being issued for commission merchants, dealers, cash buyers, and brokers. A brief description of these categories for California follows:

1. Commission merchants contract for, solicit, or receive livestock from producers for sale on commission or are those handling the proceeds of such sales.
2. Dealers buy, contract for, or obtain possession or control of livestock from producers and resell such animals. They make payment on a deferred basis--namely, by check, draft, money order, cashier's check, or other commercial paper. In some states such a person is known as a "credit buyer."
3. Cash buyers purchase livestock from producers for resale and pay in full at time of purchase with cash, coin, or currency. No personal checks, cashier's, or other commercial paper are used to pay for livestock purchased.

^{2/} Colorado adopted somewhat similar legislation in the same year.

^{4/} State of California Agricultural Code, 1949 : 439-457.

4. Brokers are recognized as persons or firms negotiating deals between producers and commission merchants, cash buyers, dealers, or other producers. They are not permitted to handle the money or the livestock, only arranging transactions between interested parties. In this state persons are often called "brokers" who may handle an entire dairy or beef cattle enterprise transaction, property (real estate), cattle, machinery, etc. Such persons can be compared with real estate brokers.

The broker is not synonymous with the order buyer. The latter may be, and in some instances is, a broker, but many order buyers would be classed as commission merchants and/or dealers.

In addition to the licenses required to operate in the above-mentioned categories--special licenses are issued to agents who act for, and in the name of, cash buyers, dealers, brokers, or commission merchants in buying, soliciting, receiving, or contracting from producers. Agents in some sections are particularly active in obtaining consignments for livestock auctions. They often form important links in interstate livestock movements, e.g., a considerable number of agents purchase livestock in the other Western states for California firms.

There are exemptions from licensing such as (a) persons dealing in livestock at a public livestock market only and under a United States Bond, (b) licensed slaughterers unless they slaughter on consignment or purchase livestock for resale in live condition, (c) producers selling the livestock which they have raised or buying stock for their own use.

More than one license can be held by an individual or a firm. In 1950 the annual fee for a license as commission merchant, dealer, cash buyer, or broker was set at \$40 while agents paid \$2.50. Surety bonds were required of the commission merchant (\$5,000) and the dealer (\$1,000).

The Dealer Sample.--To obtain information on dealers' characteristics and operations, a sample was drawn from those trading in the vicinity of the California livestock auctions which had been selected for study (fig. 1). The majority had traded on auctions in their localities. Although the attempt was made to secure data from independent traders buying and selling livestock, a number of those with auction connections (table 1--categories 3, 4, 5) as well as a few in other categories were included in the sample.

Interviews were obtained with 154 California dealers, and cooperation was excellent. The absence of questions related to finances was a factor which militated toward success in obtaining records. A number were sufficiently interested so that records were compiled direct from their accounts, but most data were based upon estimates.

The interviewed traders furnished information which forms the basis for the greater part of the study. In addition to the 154 already mentioned, incomplete data were obtained from 168 additional traders. All reported having headquarters (in some cases only a mailing address) within California.

Dealer Numbers.--The sample of dealers represents those whose headquarters were located in the vicinity of livestock auctions--in most cases within a radius of 50 miles of the 15 auctions which were studied in the broader auction

study under way (p. 1). The data obtained from these dealers should not be interpreted as representing dealers' activities in the entire state or in any section. It is believed that insofar as livestock auctions are concerned, the information obtained depicts rather clearly the part which dealers play in auction transactions. The data are for 1949 and it is highly probable that the activities of no two years would be identical.

During the course of the study the question frequently arose relative to livestock dealer numbers. Wholesale handlers of "all fruits, vegetables, wool, pelts, furs, rabbits, poultry, eggs, honey, cut flowers, hay, grains, beans, and other agricultural commodities" must obtain licenses in the same manner as those who deal in livestock. In checking state licenses^{5/} for 1948 it was indicated that there were probably about 1,000 licenses in effect for the livestock handlers acting as commission merchants, dealers, brokers, cash buyers, and an additional number of agents operating under the principals just named. Omitting duplications of those holding one or more licenses, e.g., packers and slaughterers who are generally licensed as dealers and/or commission merchants or brokers, commission houses on terminal markets, auction operators whose principal business was the auction, and order buyers in the employ of packers and slaughterers, it was estimated that there were about 550 livestock dealers operating at the beginning of 1949. It is highly probable that there were, in addition, approximately 200 agents of the persons or firms listed buying and selling livestock.

Backgrounds.--The livestock trading experience of the interviewed dealers varied--the previous period spent in trading ranging from a few months to over 60 years--with an average of slightly less than 12 years. Generally, the dealer was experienced in trading, usually well informed on market conditions, and a seasoned livestock judge.

Farming (or ranching) had been the previous occupation of 70 out of 152 while 29 had started their careers as dealers. Packing, butchering, or slaughtering were the previous occupations of 18 while five had been associated with transportation. Auction operation had claimed the attention of three while two had been brand inspectors. While some arbitrary decisions have doubtless been made, it would appear that only about one-sixth of the group had been in nonagricultural pursuits before engaging in trading. These latter occupations ranged from dentistry to real estate.

Principal Business.--Information was obtained from 304 dealers on what they considered their principal business or occupation. Over half (154) named livestock dealing. (Of the 154 from whom all data were obtained ^(p. 87), the number was 78 or a little under 50 per cent.) About one-fourth (26 per cent) named farming or stock raising. From all indications this percentage was smaller than that obtained in the regional study which extended into six states. The chief pursuit of 19 (6 per cent) was in connection with an auction--operator, owner, accountant, auctioneer, etc. Ten were engaged principally in wholesale butchering and slaughtering while nine were connected with transportation (e.g., truckers buying and selling livestock); eight were

^{5/} Licenses issued in 1948 (and 1950) for handling agricultural products totaled 11,062 (11,954). Division was: dealers, 4,008 (4,174); brokers, 1,402 (1,417); commission merchants, 963 (1,257); cash buyers, 710 (826); agents, 3,979 (4,280).

in real estate while 11 sold other agricultural commodities, e.g., hay and grain. Two or three specialized in buying and selling dead and crippled livestock. A few (five) had partially retired from dealing in livestock and stated that they were earning a little or in order to keep busy.

Other principal occupations given included law, warehousing, food lockers, lumber dealer, hardware, reduction plant owner.

The large number of supplementary and complementary enterprises involved makes it extremely difficult--if not impossible--to draw sharp and distinct divisions between activities. This lack of clarity can be seen in practically all sections of the analytical phases of this study. A few examples perhaps will be sufficient to indicate some of the difficulties involved. Farming and trading as shown above are most frequently supplementary and complementary enterprises. A person with two such occupations might be listed as a farmer or as a dealer. A considerable number of butchers hold licenses as dealers so that such a person might logically be placed in two different categories.

Time Spent in Trading.--About 50 per cent (74 of 150) spent the entire time in trading. Only one-fifth (31) estimated spending less than half time in trading. Indications point to fewer part-time livestock traders in California than in other parts of the West.

Year-round operations were carried on by 143 out of 153 (93 per cent). In the states to the east a far smaller proportion operated all year.

Although interpretations may be somewhat arbitrary, it would appear that California "seasonal traders'" busiest periods are in the spring, summer, and fall. There are some notable exceptions as in some sections (Imperial, Coachella, Palo Verde valleys) buying and selling is restricted in the hot, summer months.^{6/}

Transportation.--Trucks were operated by about half (54 per cent)--a smaller relative number than seems generally to be the case in the West. Those operating trucks picked up livestock at farms, auctions, and elsewhere, often delivering to and transporting from sales. Several auctions owned and operated trucks which in many instances were important business assets and in some instances obviated the necessity of dealer truck operation. In other situations dealers did not operate trucks even though they might have had regular places of business including facilities for handling livestock. Several such traders disposed of purchases to packers, butchers, or to others and arrangements were made with others for transportation.

One-hundred-and-twelve trucks were operated by 83 California traders--an average of only one and one-third trucks per dealer.

Custom trucking was done by only eight of the 154 dealers--in terms of those operating trucks, eight out of 112. Only 14 trucks were operated by these eight dealers. In California, custom trucking necessitates a public carrier's license or a permit, and many do not do such work for these and other reasons.

^{6/} Certain auction operations were discontinued during the summer months.

Auction Connections.--Only 13 of the 154 dealers had auction connections. This percentage (8 +) is probably low as an effort was made to omit those who owned or operated livestock auctions. It is probable that from 15 to 20 per cent of the dealers were connected in some way financially with auctions. This latter judgment is based upon returns obtained from other Western states. Of the 13 California "connections," one was a partner while another was the manager. The remaining 11 were four auctioneers, four ringmen, one agent and two others.

Size of Operations.--Criticisms are made frequently of the small operations of individual traders. Small size is condemned because such an operator often does not possess capital to move livestock, let alone purchase and hold it. Small volume, it is contended, has a tendency to increase pressure for "cutting corners." Doubtless, some criticisms can be substantiated as a few have been forced out of business for failure to pay for stock. Whether this situation was brought about by volume of operations is open to debate. On the other hand, claims have been made that large dealers dominate certain auctions or that specific traders' operations hold down prices, etc.

Many California traders operate without any physical headquarters other than a mail address; indeed, some well-informed persons believe that the majority so operate. Wives in many instances keep books at home. On the other hand, a few dealers handle thousands of head involving exchanges measured in millions of dollars. Some of the latter type have well-established headquarters with specialized assistants such as bookkeepers, accountants, etc.

Livestock handled by the 154 operators in California ranged from 10 to upwards of 50,000 head--expressed in marketing equivalents^{7/} with an average of 1,978 marketing equivalents. Some 27 per cent of the sample dealers were above the average in the number handled. (The median average was 829.) A clearer conception of the operation volume can be obtained from the following tabulation:

Marketing equivalents	Number of traders	Per cent of total
Under 250	28	18
250-499	27	18
500-999	30	19
1,000-1,999	28	18
2,000-4,999	29	19
5,000 and above	12	8
Total	154	100

^{7/} Marketing equivalents--one cattle, three calves, 10 sheep, four hogs.

All of the preceding averages are somewhat low as a very considerable number of dealers bought and sold horses and mules. The latter classes of stock are not included in any of the above compilations. No dealer included specialized in horses. Such as were bought or sold were incidental to the main business.

Considerably over one-third handled less than 500 marketing units during the year, a slightly larger proportion between 500 and 1,000, and 41 or over one-fourth over 1,000 head. Those who reported working full time with their main occupation as "dealing" (74 of 154) handled an average (median) of 1,330 head.

Livestock Handled by Dealers

Volume.--All stock handled was reported in terms of beef cattle, dairy cattle, bulls, calves, sheep and lambs, and swine (table 2). No record was kept of horses handled. A somewhat clearer operations picture is brought into focus when all livestock classes are converted into marketing equivalents. About 86 per cent of the 304,593 head (marketing equivalents) handled were cattle--beef cattle, dairy cattle, bulls and calves--while sheep accounted for 8 per cent of the total and swine trailed with 6.8/. The percentages vary but little from those obtained in a sample of over 354 dealers scattered throughout the Western states except that calves, sheep, and swine are slightly higher in the California returns.

The 145,000 beef cattle made up 47 per cent of the total while about 24 per cent of the turnover was represented by 72,000 dairy cattle (table 2). A large number of the California traders handled dairy cattle (table 3). The dividing line between beef and dairy cattle is indistinct--in fact, in many instances an animal cannot be designated as a beef animal or a dairy animal (see p. 13). Generally, however, there is a considerable difference between the proportion of dealers' beef cattle handlings on the Pacific Coast and in the Mountain states. In the returns from some of the states contributing to the regional study, e.g., Wyoming, dealers operating in the vicinity of livestock auctions bought and sold very few dairy cattle.

About four-fifths of all traders handled 112,000 calves. The larger number of traders in the "calf business" was partly accounted for by calves so frequently being a "by-product" for dealers handling dairy cows. Such a situation occurs largely in areas of heavy dairy cow concentration. In the Los Angeles milkshed a large number of the calves go onto the veal market and some into reducing plants. A number of these animals are handled by the dairy cow dealers while still others are handled by specialized traders often purchasing regularly from dairymen and selling to packers or reduction plants.

The total of bulls handled was small and only a few were bought or sold per dealer, yet 68 per cent of the group had dealt with the animals in 1949. In the Western states' sample some 70 per cent handled bulls.

8/ The value of the different classes of livestock by the 15 auctions represented in Table 1 was: cattle, 89; sheep, 4; hogs, 6; and horses, 1 per cent.

TABLE 2

Livestock Handled by California Sample Dealers

Class	Numbers of stock	Marketing equivalents ^{a/}	
		thousands-- 000 omitted	per cent of total
Beef cattle	145	145	47
Dairy cattle	72	72	24
Bulls	9	9	3
Calves	112	37	12
Sheep and lambs	240	24	8
Swine	73	18	6
Total	--	305	100

^{a/} One marketing equivalent = one beef or dairy animal = three calves = 10 sheep = three hogs.

TABLE 3

California Dealers Handling Different Livestock Classes

Livestock class	Number
Beef cattle	96
Dairy cattle	104
Calves	123
Bulls	105
Sheep and lambs	54
Hogs	52
Total ^{a/}	154

^{a/} Total represents the total dealers and excludes duplications. One dealer may handle one livestock class or he may handle several.

TABLE 1

PERCENTAGE OF TOTAL POPULATION IN EACH AGE GROUP

Age Group	Male	Female	Total
0-4	10.0	10.0	10.0
5-9	9.0	9.0	9.0
10-14	8.0	8.0	8.0
15-19	7.0	7.0	7.0
20-24	6.0	6.0	6.0
25-29	5.0	5.0	5.0
30-34	4.0	4.0	4.0
35-39	3.0	3.0	3.0
40-44	2.0	2.0	2.0
45-49	1.0	1.0	1.0
50-54	0.5	0.5	0.5
55-59	0.2	0.2	0.2
60-64	0.1	0.1	0.1
65-69	0.05	0.05	0.05
70-74	0.02	0.02	0.02
75-79	0.01	0.01	0.01
80-84	0.005	0.005	0.005
85-89	0.002	0.002	0.002
90-94	0.001	0.001	0.001
95-99	0.0005	0.0005	0.0005
100+	0.0001	0.0001	0.0001

NOTE: The above figures are based on the 1950 Census of the United States and are subject to revision.

TABLE 2

PERCENTAGE OF TOTAL POPULATION IN EACH SEX GROUP

Sex	Male	Female
0-4	10.0	10.0
5-9	9.0	9.0
10-14	8.0	8.0
15-19	7.0	7.0
20-24	6.0	6.0
25-29	5.0	5.0
30-34	4.0	4.0
35-39	3.0	3.0
40-44	2.0	2.0
45-49	1.0	1.0
50-54	0.5	0.5
55-59	0.2	0.2
60-64	0.1	0.1
65-69	0.05	0.05
70-74	0.02	0.02
75-79	0.01	0.01
80-84	0.005	0.005
85-89	0.002	0.002
90-94	0.001	0.001
95-99	0.0005	0.0005
100+	0.0001	0.0001

NOTE: The above figures are based on the 1950 Census of the United States and are subject to revision.

About one-third of the traders handled sheep and lambs while a similar proportion bought and sold hogs. Compared with other classes of livestock, the sheep and lamb offerings of all groups of sellers and buyers at auctions were small, sales being considerable at only two or three auctions. While hogs were sold at all the auctions (except the specialized dairy auctions), there was not so great a concentration as with sheep.

Sources and Outlets.—The 154 dealers were asked for information on (1) the sources of all livestock purchased, (2) the outlets for all livestock sold, (3) the source of the livestock which they consigned to auctions, and (4) the outlets which they used to dispose of the stock purchased at auctions.

It was estimated that farmers and auctions furnished 54 and 25 per cent, respectively, of all livestock—expressed in marketing equivalents handled in 1949 (table 4). The remaining 21 per cent was obtained from "other dealers" (12), public markets (7), and other sources (2).

Of the individual dealers, 61 per cent stated that the farmer was the principal source of supply while 31 per cent named the auction. The main source of the other 9 per cent was "other dealers." The latter were practically all operating in the Los Angeles milkshed.

The above data approximate those for the Pacific Coast states in the regional study. Indications are that the California dealer places a slightly greater dependence on "other dealers" and slightly less on farmers and auctions for the main sources of supply.

Principal outlets for dealers' livestock were packers, butchers, or slaughterers with a take of a little over one-third and farmers with only slightly less (table 5). It is in the auction outlet that the greatest difference apparently arises between the operators of the West and those of California. The latter reported less than one-tenth of their livestock moving through auctions. The dependence upon auctions would be even less if dairy cattle and bulls were omitted. "Other dealers" receive a proportionately larger part of the traders' total stock than is generally the case in those Western states for which data are available.

The packer was the chief outlet for 34 per cent of the individual traders in the study while farmers ranked second with 27 per cent. The auction was the chief outlet of 22 per cent while public markets claimed the main attention of 13 per cent. Only 4 per cent of the individual traders named "other dealers" as the chief outlet.

One should always be cognizant of the limitations of data such as the above as they are for one year only. Even with this and other limitations, it is believed that some of the relationships between the trader and his sources of and outlets for livestock can be seen more clearly.

Beef Cattle Sources.—Three-fifths (61 per cent) of the 145,000 beef animals came from farmers and slightly less than one-fifth (18 per cent) from other auctions. Public markets furnished one-eighth (12 per cent) while other dealers trailed with one-fourteenth (7 per cent) and "other sources" accounted for only one in 50 animals (2 per cent). Compared with Mountain states' traders, it would appear that the California group obtained a slightly

TABLE 4

Sources of All Livestock Handled by California Dealers
(Per Cent of Total Handlings Obtained from Each Source)

Livestock class	Farmers	Other dealers	Public markets	Auctions	Other sources
Beef cattle	61	7	12	18	2
Dairy cattle	41	29	1	27	2
Calves	44	3	5	47	1
Bulls	71	2	6	21	a/
Sheep and lambs	69	19	2	6	4
Swine	43	1	9	47	a/
Total marketing equivalents	54	12	7	25	2

a/ Less than 0.5 per cent.

TABLE 5

Outlets for All Livestock Handled by California Dealers
(Per Cent of Total Handlings Going to Each Outlet)

Livestock class	Farmers	Other dealers	Public markets	Auctions	Packers	Other outlets
Beef cattle	32	20	10	3	33	2
Dairy cattle	43	9	14	22	11	1
Calves	10	5	3	8	65	9
Bulls	10	4	12	43	29	2
Sheep and lambs	31	5	11	2	47	4
Swine	21	a/	14	4	58	3
Total marketing equivalents	31	12	11	9	34	3

a/ Less than 0.5 per cent.

Table 1

Summary of the results of the experiments on the effect of the concentration of the solution on the rate of the reaction.

Concentration of the solution, g/l	Time, min	Volume of gas, ml	Concentration of the solution, g/l	Time, min	Volume of gas, ml
1	10	10	1	10	10
2	20	20	2	20	20
3	30	30	3	30	30
4	40	40	4	40	40
5	50	50	5	50	50
6	60	60	6	60	60
7	70	70	7	70	70
8	80	80	8	80	80
9	90	90	9	90	90
10	100	100	10	100	100

Concentration of the solution, g/l

Table 2

Summary of the results of the experiments on the effect of the concentration of the solution on the rate of the reaction.

Concentration of the solution, g/l	Time, min	Volume of gas, ml	Concentration of the solution, g/l	Time, min	Volume of gas, ml
1	10	10	1	10	10
2	20	20	2	20	20
3	30	30	3	30	30
4	40	40	4	40	40
5	50	50	5	50	50
6	60	60	6	60	60
7	70	70	7	70	70
8	80	80	8	80	80
9	90	90	9	90	90
10	100	100	10	100	100

Concentration of the solution, g/l

larger proportion of beef animals from the farmer and far fewer from other auctions. On the other hand, beef animals coming from public markets were relatively more numerous than in the Mountain states. Many traders in the latter areas use some of the larger auctions more frequently as other operators would use public markets.

Beef Cattle Outlets.—Approximately equal numbers of beef cattle went to packers, butchers, or slaughterers (33 per cent) and to farmers (32 per cent). "Other dealers" absorbed one-fifth (20 per cent), a considerably higher proportion going through this channel than in the other Western states from which data have been obtained. One-tenth (10 per cent) was sold at public markets (table 5). Auctions were the recipients of a very small percentage (3) of the animals—a very different situation than that prevailing in the Mountain states where the trader apparently depends to a greater extent on this channel.

Dairy Cattle Sources.—Farmers, "other dealers," and auctions in the order named were the chief sources of dairy cattle (table 4). Compared with other Western areas, the chief differences occur in proportions originating with farmers and with "other dealers." The first source furnishes relatively fewer--the latter relatively more--animals for the state dealer.

The almost unique Los Angeles milkshed largely accounts for the above-mentioned sources of procurement. In this section, dealers purchase many animals from procurement dealers in more northerly and distant parts of the state and in other states. If only the sample dealers in southern California are considered, the proportion of animals obtained from "other dealers" rises to almost one-half. A large number of the traders in and around Los Angeles are highly specialized, dealing only in dairy cows and heifers or calves.

Included under other sources are number of dairy cattle purchased at dairy and farm dispersal sales.

Available data offer information on the large and continuous flow of dairy cattle into the Los Angeles milkshed. In 1950 some 60,000 dairy cattle were received from outside the immediate area of which two-fifths had originated in Western states other than California.

Dairy Cattle Outlets.—The chief channels of disposal were (1) the farmer and (2) the livestock auction. Many auctions in the southern California area are highly specialized, handling dairy cattle exclusively.

Some indication of the "contribution" of the dairy industry to the beef supply is indicated in that over one-tenth (11 per cent) of the dairy cattle was delivered to butchers, packers, and slaughterers while one-seventh (14 per cent) was sent to public markets. While it is not possible to state what part of the one-tenth (9 per cent) going to "other dealers" (table 5) was destined for milk or for the block, it would seem safe to state that between one-fourth and one-third of all the "dairy" animals sold by traders were utilized not for milk but for meat.

The channel, farmer-dealer-dealer-farmer, is common in many parts of the West in getting dairy cows into dairymen's hands. The following offers a specific example of this channeling of dairy cows: A farmer in Idaho or elsewhere sells to a dealer in the same state; the latter trader sells to another operating in southern California; the latter sells the animal to a dairyman. The latter sale may be through an auction or direct.

1000

[illegible]

Calf Sources.--Livestock auctions and farmers furnished over nine-tenths (91 per cent) of the traders' calves. A very large proportion represented in the sample are "dropped" or "day-old" calves. This is especially true with the handlings of dealers operating in districts with intensively operated milk farms. In some market milk sections, there are neither the facilities nor the feed available to economically raise calves. The result is that many calves are sent to auctions or sold to dealers as soon as it is possible to do so. Often auctions are convenient places of assembly for young calves and they are sold in relatively large packages. The less than one-tenth procured from public markets and other dealers is composed largely of animals of beef breed origins.

Calf Outlets.--The dominant outlet for the California trader's calves is the packer, butcher, or slaughterer, accounting for two-thirds (65 per cent) of the total. When to this outlet is added the calves going to jobbers, the percentage destined for slaughter rises to above 70. The calf jobbers handle dressed veal calves.

Farmers received about one-tenth and it is probable that these animals were used eventually for replacement or fed for slaughter. Doubtless, some appearing under the "other dealer," public market, and auction categories were sold for further growth.

In addition to the animals in the "other outlet" category (table 5) sold to jobbers, a number were custom killed and the meat wholesaled (and in some instances, retailed) for food lockers. A considerable number were reported as not suitable for human consumption and these were consigned to reduction plants. The latter animals, largely of dairy breed origin, are picked up usually by highly specialized dealers who make a practice of purchasing dead or crippled animals. A couple of hundred animals sold to other outlets were to be used for roping and rodeo work. A very considerable number (504) in the California "other outlet" category (table 5) were in dealers' hands at the close of the year. The year was one of rising prices for calves. Furthermore, a large percentage of the dealers were farmers and feeders (p. 6).

Sources and Outlets for Bulls.--Nine-tenths (92 per cent) was procured from farmers and livestock auctions in the ratio of approximately three (farmers) to one (auctions). A few were obtained from public markets and about one in 50 from "other dealers."

Auctions accounted for 43 per cent of bull disposals followed by packers who took some 29 per cent (table 5). Undoubtedly, most of the bulls sent to the public markets (12 per cent) were destined for immediate slaughter. Only one-tenth (10 per cent) went direct to farmers. Some of those which went to auctions and to "other dealers" eventually found their way into the hands of farmers.

Sheep and Lamb Sources and Outlets.--Almost 70 per cent (69) originated with farmers and ranchers (table 4) while an additional 19 per cent of the sheep and lambs were obtained direct from "other dealers." In the past few

years California has become a "deficit" area--except during two or three months of the year.^{9/} The demand has been such that sheep and lambs have been progressively sent westward from more easterly points for replacement, feeding, and direct slaughter.^{10/} California dealers purchased sizeable numbers, particularly stockers and feeders, from dealers operating at more easterly points. Sources outside of those mentioned were of minor importance. Auctions provided only 6 per cent of all animals handled (table 4).

The packer, butcher, or slaughterer took almost one-half (47 per cent). The proportion going to immediate slaughter would have been increased if the exact destination of those passing to public markets, other dealers, and auctions (table 5) had been known. Farmers obtained a little less than one-third (31 per cent). The latter, in a large measure, were utilized for replacement and further feeding.

Hog Sources and Outlets.--As with calves, the principal source was the auction (table 4) followed closely by the farmer. Public markets contributed less than one-tenth.

Packers, butchers, and slaughterers took almost three-fifths (58 per cent) while another fifth (21 per cent) of the hogs were obtained by farmers and feeders, most of the latter being utilized for further feeding rather than for replacement. Public markets received about one-seventh (14 per cent) while auction markets were the destinations of only a minor percentage (4 per cent--see table 5).

Handling Policies of Dealers

Estimates were obtained from the 154 traders on the percentages of all animals purchased (1) disposed of within a week's time or (2) held for a longer period. The manner of holding (pasture or dry feed) was ascertained (table 6). The year was one of relatively high livestock prices and this undoubtedly had an effect upon the length of time animals were kept. Attention is also called to the large number of farmers who are also dealers. These persons often purchased for their own use.

About two-thirds (65 per cent) of the beef cattle was estimated to have been sold within a week of purchase. This proportion was uniform in the three Pacific Coast states where a somewhat slower turnover was indicated than in the states to the east. About two-thirds of the animals retained for more than a week were placed on pasture while the remainder was kept upon dry feed.

Dairy cattle was kept for longer periods. Slightly over half (54 per cent) was held for over a week. Southern California operators reported only about one-tenth of their purchases being sold within seven days.

^{9/} Voorhies, Edwin C., and Robert W. Rudd. Sheep and Wool Situation in California, 1950. Calif. Agr. Exp. Sta. Circ. 399, 1950, pp. 1-50.

^{10/} Western Livestock Marketing Research Technical Committee. Shifts in the Trade in Western Slaughter Livestock. U. S. Dept. Agr. Inform. Bul. 141, 1950, pp. 1-67.

TABLE 6
Dealers' Handling Policy for Livestock
(Per Cent of Stock Handled)

Livestock class	Resold within weeks	Held on pasture	Held on dry feed
Beef cattle	65	23	12
Dairy cattle	46	26	28
Calves	94	5	1
Bulls	42	54	4
Sheep and lambs	73	27	<u>a/</u>
Swine	86	7	7

a/ Less than 0.5 per cent.

TABLE I

Comparison of the results of the various methods of determining the rate of flow of water in the river

Method of measurement	Area of cross-section (sq. ft.)	Velocity (ft. per sec.)	Discharge (cu. ft. per sec.)
1. By current meter	100	1.5	150
2. By float	100	1.4	140
3. By weir	100	1.6	160
4. By velocity	100	1.5	150
5. By float	100	1.4	140
6. By weir	100	1.6	160
7. By velocity	100	1.5	150

Discharge in cu. ft. per sec. (1)

Several reasons apparently account for the slower turnover of dairy cattle. Numerous animals are brought in from more distant areas^{11/} and there are stringent rules in the receiving territory relative to tuberculosis testing. It is probable that the pressure to sell dairy animals was not so great as with beef animals. The latter are largely sold on a weight basis and probably values would change more rapidly. In some of the highly developed milksheds, considerable time was spent in making the animals as attractive as possible prior to sale. Many dry cows were held until they could be sold as springers or as fresh cows.

In some market milk areas the sale method (special sales barns and special dairy auctions) and a lack of pasture make it imperative to place a large proportion of the cows awaiting sale on dry feed.

Almost all (94 per cent) of the calves handled were sold within a week of purchase. A large percentage were "day-old" or "dropped" calves, and one result is that the dealer attempts to get these animals off his hands as soon as possible.

The small percentage (42) of the bulls sold within a week of purchase differed materially from that reported from other states participating in the regional study. An examination of the records indicates that between 40 and 50 per cent of the bulls had been on a "loan for growth." Another practice partially accounts for the low percentage. Several dealers stated that they were renting bulls to dairymen before selling them. Many other reasons were perhaps present--as in the case of dairy cows--which served to lengthen the period during which bulls were kept. Many would wish to condition animals before selling. A very large proportion of the bulls retained for more than seven days was placed on pasture.

About three-quarters (73 per cent) of the sheep and lambs were disposed of within a week of purchase. Of those retained for a longer period, practically all were kept on pasture. An appreciable number of those retained for longer periods were kept by the dealers on ranches operated by them.

Less than 14 per cent of the hogs purchased were held for over a week. These were placed in approximately equal number on pasture and dry feed. Some dealers have farms (p. 6) operated in connection with their trading operations while a number without farms have holding pens. Numerous Coast dealers have contracts for "garbage hogs" for which heavier feeders are desired. Often, dealers buy hogs when able to do so and hold them on feed until the desired size is obtained.

Most of the animals found a market fairly close to where they were produced. While a very large number of swine are shipped into the state, these were not handled by the 64 interviewed dealers.^{12/}

^{11/} Voorhies, Edwin C., and Nathaniel S. Mewhinney. "Dairy Cow Replacements." California Agriculture, vol. 4, 1950, 4p.

^{12/} Western Livestock Marketing Research Technical Committee. Op. cit., pp. 1-67.

Order Buying

In addition to buying and selling livestock for their own account, many traders act as "brokers" in transferring title to livestock (p. 5). There are, of course, variations in this type of transfer transaction. Such stock may be bought on order for individuals or firms, packers, other dealers, farmers, feeders, etc. Purchases are usually made from commission firms at public markets or elsewhere from "other dealers," farmers, livestock auctions, etc. Such stock may be destined for immediate slaughter, stocking, or feeding. Often a commission is charged for the service. Sometimes, especially in the case of dairy cows, a flat fee per animal is the rule. Many order buyers often do purchasing by long distance phone or wire. An effort is made to purchase animals of a definite grade or quality. There has been a rapid increase in this type of buying, particularly in the animals (both meat and dairy) which have been routed westward to the state.

Of the 154 traders operating in the vicinity of livestock auctions, 35 (23 per cent) did order buying (table 7). From available data indications are that the proportion is higher in the Great Basin and Mountain states. There is a tendency for the larger operators to carry on this type of buying. Although the number of dealers buying on order is not large, many of the data obtained for California operators check closely with those from other states in the regional study.

More operators did order buying with beef cattle than with any other livestock class, and the actual volume of stock (measured in marketing equivalents) was far larger. Over one-quarter (26 per cent) of all animals were sold on order. For the Western region as a whole, there were more order buyers and a larger proportion of the beef animals was sold in this manner.

Farmers, stockmen, and feeders took the largest part of purchases, about three-fifths being ordered by this group and the other two-fifths by packers, butchers, slaughterers, etc. (table 8).

Only 11 of the 154 dealers stated that they had handled dairy cattle on order during 1949, and only 5 per cent of total dairy cattle sales were made in this manner.

Approximately two-fifths of the dairy cattle orders were placed by farmers (table 8) while an equal number originated with other dealers. Numerous replacement animals for the intensively driven market milk sections are purchased by traders for other dealers. This occurs not only in the state but in other Western states. About one-sixth of the order for "dairy cattle" originated with slaughterers.

About one-seventh of the calf dealers purchased calves on order and these disposed of a little less than one-third in this manner (table 7). Packers, slaughterers, or butchers placed orders for the bulk (86 per cent) of the animals so sold while farmers took the remainder (table 8).

Relatively few had orders to purchase bulls. For these the larger part was for the account of slaughterers, butchers, or packers. Only a few (10 per cent) were ordered by farmers.

TABLE 7
Order Buying of California Dealers

Livestock class	Number		Per Cent of sales on order
	Total	Buying on order	
Beef animals	96	22	26
Dairy animals	104	11	5
Calves	123	18	34
Bulls	105	12	9
Sheep and lambs	54	14	57
Hogs	52	9	28
Total	154	35	--

TABLE 8
Sources of Orders for Buying Livestock
(Data Are in Percentages of Total Order Sale)

Livestock class	Packers	Farmers	Others
Beef cattle	39	60	1
Dairy cattle	17	41	42
Calves	86	14	a/
Bulls	87	10	3
Sheep and lambs	36	41	23
Swine	90	0	10

a/ Less than 0.5 per cent.

TABLE 1

Mean values of *Salmonella* isolates

Isolate no.	Antigenic properties		Phage type
	Heat-labile toxin	Heat-stable toxin	
10	+	+	Group 1
11	+	+	Group 2
12	+	+	Group 3
13	+	+	Group 4
14	+	+	Group 5
15	+	+	Group 6
16	+	+	Group 7
17	+	+	Group 8

TABLE 2

Isolation of *Salmonella* from various sources

Isolate no.	Antigenic properties		Phage type
	Heat-labile toxin	Heat-stable toxin	
18	+	+	Group 1
19	+	+	Group 2
20	+	+	Group 3
21	+	+	Group 4
22	+	+	Group 5
23	+	+	Group 6
24	+	+	Group 7

* Isolates from various sources

While only one-quarter of the dealers of sheep and lambs purchased on order, they handled almost 60 per cent of the animals in this manner. These results are similar to those obtained in other sections of the Western region. These traders were usually highly specialized, handling usually only the one class of stock.

Approximately two-fifths of the orders of the traders originated with farmers or feeders, a like proportion with slaughterers or packers while the remainder originated with "other dealers."

Only about one-sixth of the hog dealers handled on order, but these accounted for over one-fourth of the sales (tables 7 and 8). In the region, order buyers were likewise few in number. Most of the hog orders were placed by butchers or packers; only about one-eighth was purchased for the accounts of farmers and others (table 8).

Auction Transactions of Dealers

The sources and outlets of all livestock handled by dealers operating in the vicinity of livestock auctions were discussed in a previous section (p. 9). Since the core of the state and regional study is related to livestock auctions (p. 1), the part the trader plays in consigning to and purchasing from auctions was given special attention. Although interviewed dealers were operating in the vicinity of the sampled auctions, their trading in many instances extended to several auctions, many of the latter not being in the vicinity of the auction near which headquarters were located. As already shown (p. 11), trading extended to many channels of trade other than auctions. Numerous dealers did not trade at auctions even though they had headquarters in the vicinity. In California 34 out of the 154 traders interviewed did not trade at any auctions in 1949. Some stated that they had traded at auctions in previous years. Not all of those trading bought and sold, 86 having consigned stock and 108 having made purchases.

With the exception of bulls, purchases were more numerous than consignments (table 9). The latter (expressed in marketing equivalents) were only three-eighths as numerous as the former. Expressed in another manner, the dealers reported that they consigned less than 10 per cent of the stock handled to auctions for disposal while purchases made accounted for almost 25 per cent. This division into consignments and purchases varies materially from that indicated in the Mountain states where consignments were not only relatively larger but auctions claimed a far larger relative proportion of both consignments and purchases.

Fortunately, California traders were able to offer what is believed to have been fairly accurate information on the auctions at which they traded. Fifty-seven different auctions—54 in the state and three others outside—were sales locations for stock consigned by 86 of the dealers. In contrast, 108 dealers made purchases at 82 different auctions—64 within the state and 18 in six other states (fig. 2).

During 1949 individual dealers bought and sold on as many as 19 different auctions. The relative importance of consigning and purchasing can be shown in a slightly different manner than that mentioned previously. The 86 dealers

FIGURE 2

Auctions at Which 154 California Livestock Dealers Traded, 1949

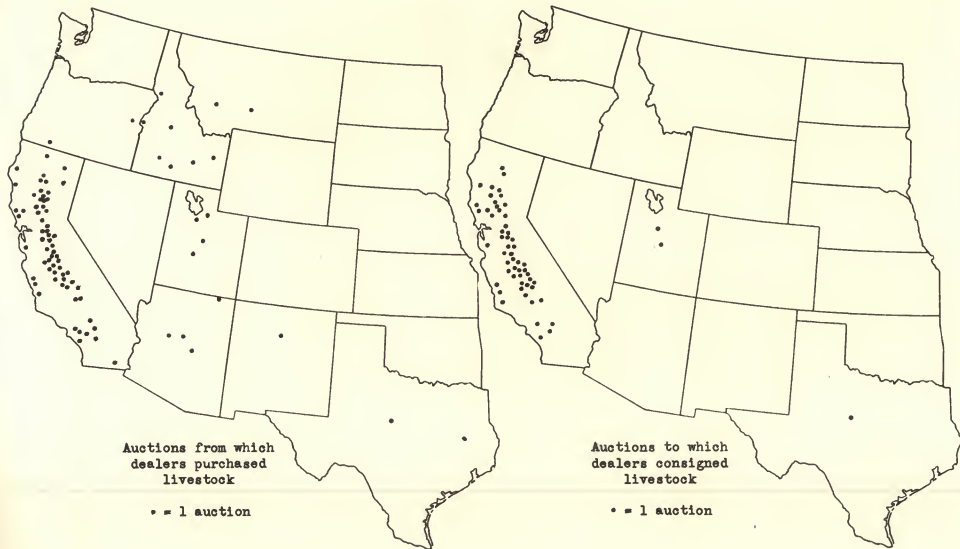




TABLE 9

Dealers' Consignments To and Purchases
of Livestock at Auctions

Livestock class	Consignments	Purchases
	number	
Beef cattle	4,420	25,617
Dairy cattle	15,812	19,401
Calves	8,761	53,011
Bulls	3,683	1,783
Sheep and lambs	4,151	14,938
Swine	2,767	33,904
Marketing equivalents of the above	27,942	74,441

TABLE

ANALYSIS OF THE COMPOSITION OF THE
SOLUBLE AND INSOLUBLE FRACTIONS

ANALYST	ANALYST	ANALYST
1911	1912	1913
1914	1915	1916
1917	1918	1919
1920	1921	1922
1923	1924	1925
1926	1927	1928
1929	1930	1931
1932	1933	1934
1935	1936	1937
1938	1939	1940
1941	1942	1943
1944	1945	1946
1947	1948	1949
1950	1951	1952
1953	1954	1955
1956	1957	1958
1959	1960	1961
1962	1963	1964
1965	1966	1967
1968	1969	1970
1971	1972	1973
1974	1975	1976
1977	1978	1979
1980	1981	1982
1983	1984	1985
1986	1987	1988
1989	1990	1991
1992	1993	1994
1995	1996	1997
1998	1999	2000

making consignments used an average of four auctions for such disposals. These four were included in the 57 to which consignments were sent. On the other hand, 108 of the group made use of an average of between five and six auctions (included in the 86 mentioned above) for purchasing stock.

Over half (55 per cent) of the dealers' auction consignments originated with farmers. "Other auctions" contributed over one-third (36 per cent). No other source contributed more than one-twentieth (table 10). Almost 96 per cent of all consignments (measured in marketing equivalents) were cattle--almost identically the same percentage as in the six states from which returns have been made available. Dairy cattle made up 57 per cent; beef cattle, 16; calves, 10; bulls, 13; swine, slightly over 2; and sheep and lambs, somewhat under 2. In the states to the east, beef cattle consignments were of far greater relative importance while dairy cattle were of far less significance in the total. The proportion of bulls was far greater in California. Insofar as proportions of calves, swine or sheep were consigned, there were not great differences between dealer's offerings in the other Western states and California.

Outlets for auction-purchased livestock were more numerous and varied than were consignment sources. If dairy cattle were omitted, it would be found that slaughterers, butchers, and packers received one-half of all the livestock purchased by dealers at auctions. Leaving dairy cattle in the summary, slaughterers, packers, and butchers still ranked first in the disposition of stock purchased, the total percentage being 45 (table 11). Only a slightly lower total percentage (42) was sent to farmers, "other auctions," and public markets while the remaining 13 per cent was dispatched to "other dealers" or sent to sources other than those named. The outlet for the auction purchases by California dealers was different than that in the other Western states, "other auctions" and public markets being relatively more important in the latter area. The farmer in this state occupied a more important place in outlets.

Cattle occupied a relatively less important place in livestock auction purchases than in auction consignments even though the actual number of cattle purchased was almost two and one-half times greater than the total auction consignments. Beef animals accounted for 34 per cent of the auction purchases; dairy cattle, 26; calves, 24; swine, 11; bulls, 2; and sheep and lambs, 2 (expressed in marketing equivalents).

Auction procurements of the California traders apparently are different than those of the Mountain states group. Purchases of dairy cattle, swine and calves appear to be less important for traders in the Mountain group while beef cattle are far more important. With sheep, Wyoming and California furnished most of the data, and numbers of animals are such that any comparisons would be questionable.

Tables 12 and 13 show distances stock was moved from (table 12) the procurement location to the auction where consigned and (table 13) the auction at which the stock was purchased to its outlet. Information obtained previously from auction records used in the analysis of auctions and procedures was found to be unsatisfactory and unreliable for making analyses of the distances which dealers moved stock to and from auctions. It is believed that the "dealer study" herein presented remedies this defect.

TABLE 10

Percentage of Dealers' Livestock Consigned to
Auctions from Different Sources

Livestock class	Farmers	Other dealers	Public markets	Other auctions	Other sources
Beef cattle	28	1	4	61	6
Dairy cattle	54	3	2	35	6
Calves	53	a/	2	39	6
Bulls	90	a/	a/	9	1
Sheep and lambs	82	a/	a/	8	10
Swine	41	a/	a/	44	15
Total in marketing equivalents	55	2	2	36	5

a/ Less than 0.5 per cent.

TABLE 11

Percentage Disposition of Dealers' Auction
Purchases

Livestock class	Farmers	Other dealers	Public markets	Other auctions	Packers	Other outlets
Beef cattle	25	10	14	10	35	6
Dairy cattle	19	9	17	29	23	3
Calves	2	1	3	6	75	13
Bulls	6	4	9	18	56	7
Sheep and lambs	14	a/	6	5	69	6
Swine	23	a/	16	4	53	4
Total in marketing equivalents	17	6	12	13	45	7

a/ Less than 0.5 per cent.

TABLE 1

Estimated number of persons who have been
employed in the U.S. since 1940

Year	1940	1945	1950	1955	1960	Estimated number
1	10	15	20	25	30	100,000
2	20	30	40	50	60	200,000
3	30	45	60	75	90	300,000
4	40	60	80	100	120	400,000
5	50	75	100	125	150	500,000
6	60	90	120	150	180	600,000
7	70	105	140	175	210	700,000
8	80	120	160	200	240	800,000
9	90	135	180	225	270	900,000
10	100	150	200	250	300	1,000,000

Source: U.S. Bureau of Labor Statistics

TABLE 2

Estimated number of persons who have been
employed in the U.S. since 1940

Year	1940	1945	1950	1955	1960	Estimated number
1	10	15	20	25	30	100,000
2	20	30	40	50	60	200,000
3	30	45	60	75	90	300,000
4	40	60	80	100	120	400,000
5	50	75	100	125	150	500,000
6	60	90	120	150	180	600,000
7	70	105	140	175	210	700,000
8	80	120	160	200	240	800,000
9	90	135	180	225	270	900,000
10	100	150	200	250	300	1,000,000

Source: U.S. Bureau of Labor Statistics

TABLE 12

Distances Dealers' Auction Consignments Shipped
(All Data Are in Percentages)

Livestock class	Distances in miles			
	Less than 25	25-99	100-300	Over 300
Beef cattle	52	40	5	3
Dairy cattle	41	45	9	4
Calves	32	57	11	a/
Bulls	87	12	a/	a/
Sheep	9	57	29	5
Swine	32	56	12	
Total in marketing equivalents	47	42	8	3

a/ Less than 0.5 per cent.

TABLE 13

Distances Dealers' Auction Purchases Shipped
(All Data Are in Percentages)

Livestock class	Distances in miles			
	Less than 25	25-99	100-300	Over 300
Beef cattle	13	33	14	40
Dairy cattle	35	36	19	10
Calves	23	54	22	1
Bulls	28	53	11	8
Sheep	7	62	17	14
Swine	14	45	41	a/
Total in marketing equivalents	22	41	20	17

a/ Less than 0.5 per cent.

TABLE 1

Estimated Percentages of Total Population
(All Data for 1960)

Age Group	Male		Female		Total
	0-14	15-64	0-14	15-64	
0-14	35	15	35	15	35
15-64	15	65	15	65	15
65+	15	15	15	15	15
0-14	35	15	35	15	35
15-64	15	65	15	65	15
65+	15	15	15	15	15
Total	65	80	65	80	65

Source: U.S. Census Bureau

TABLE 2

Estimated Percentages of Total Population
(All Data for 1960)

Age Group	Male		Female		Total
	0-14	15-64	0-14	15-64	
0-14	35	15	35	15	35
15-64	15	65	15	65	15
65+	15	15	15	15	15
0-14	35	15	35	15	35
15-64	15	65	15	65	15
65+	15	15	15	15	15
Total	65	80	65	80	65

Source: U.S. Census Bureau

Only one-tenth (11 per cent) of the consignments were moved over 100 miles while almost half (47 per cent) was sent less than 25 miles to the auction. Purchases were moved far greater distances, almost two-fifths (37 per cent) traveling over 100 miles from the auction at which they were purchased to the outlet. Slightly over one-fifth (22 per cent) was shipped within a 25-mile radius of the auction at which they were purchased. California is a "deficit" state in all of the major livestock products with the exception of turkeys, and this is one of the underlying causes for the difference between the distances "consigned" and "purchased" stock was moved.

Beef Cattle Consignments.--Only 3 per cent of the almost 145,000 beef animals handled were consigned to auctions--far less, relatively, than in the other Western states studied. While the sources of these animals are given, it would be erroneous to take the approximate proportions listed as being typical. Traders, making consignments, were among the smaller operators, and the average number per operator was low. Dealers estimated that over 60 per cent (61) had been obtained from "other auctions." Compared with the other Pacific Coast states and with the Mountain states, this proportion is high. Scarcely half as many (28 per cent) were obtained from stockmen or farmers. This latter percentage is low when comparisons are made between California neighboring states. One conclusion can be drawn from the data: "Other auctions" and farmers or stockmen were the two main sources of traders' auction consignments. In all states these two sources contributed approximately 90 per cent of all offerings.

Among the other sources, that which occasions comment and criticisms in many quarters is the "same auction." The statement is frequently made that a large number of animals go through the same auction ring several times. An attempt was made in this study to ascertain the number of animals consigned to an auction which had been obtained from the same auction. Similarly, data were obtained on animals purchased at auctions which had as an outlet the same auction. From the estimates made, slightly over 5 per cent of the beef cattle consignments had come from the same sales ring. Although numbers were too few to make positive assertions, available data indicated that consignments obtained from the same auction ring were more numerous than in the other Western states in which the study was made.

Over half (52 per cent) of the consigned animals were moved from within a 25-mile radius of the sale (table 12) while two-fifths was sent from between 25 and 100 miles.

Beef Cattle Purchases.--While only 39 dealers reported consigning 4,420 beef animals, 69 reported the purchase of almost 26,000 head. The latter represented a little over 18 per cent of the total handled.

Packers, butchers, or slaughterers took over one-third (35 per cent) while farmers, ranchers, and feeders followed with one-quarter (25 per cent). Public markets received about one-seventh (14 per cent). "Other dealers" and "other auctions" each received slightly less than 10 per cent. The remainder (6 per cent) was disposed of through (1) slaughterers who custom killed for the dealer and others, (2) the dealers who wished to keep the animals, and (3) the same auction. About 2 per cent of the purchased animals were estimated to have been again sent through the same auction at which they had been purchased.

Unlike consignments which were largely made to auctions fairly close by, purchases were disposed of at more distant points, over half (54 per cent) being moved over 100 miles (table 13).

Dairy Cattle Consignments.--Dairy cattle loomed larger than all other classes of livestock combined. Somewhat less than one-quarter (23 per cent) of all dairy cattle was auction consigned and more dealers made consignments than with any other class. Farmers furnished traders with over half (54 per cent). "Other auctions" furnished over one-third (35 per cent). The remainder (11 per cent) was obtained largely from dairy cow sales, and a number had come from the sales ring to which they had been consigned. Two and one-half animals in every hundred were estimated to have been in this last-mentioned category.

Consigned animals came to the auctions from nearby points, seven-eighths coming from within a 100-mile radius of the auctions. In the few moved over 300 miles was dairy cattle from Arizona, Utah, Texas, Montana and Louisiana.

Dairy Cattle Purchases.--Auctions were utilized to dispose of over one-quarter (27 per cent) of the purchases while packers, slaughterers, or butchers claimed a light quarter (23 per cent). The public markets were the destinations of about one-sixth (17 per cent) which would indicate that an additional number were bound for the block. Farmers were the purchasers of less than one-fifth (19 per cent). "Other dealers" obtained a small tenth (9 per cent) while the remainder was disposed of through a number of channels. Among the latter outlets were 668 animals estimated to have been sent to the same auction ring for sale--about 3.5 dairy cattle in every hundred purchased at auctions.

There is an indistinct division between "dairy" and "beef" cattle. Beef furnished by dairy breed animals is often underestimated by those accustomed to thinking in terms of Herefords, Aberdeen Angus, Shorthorns, etc. Among animals of the latter breed, some animals may not be placed in either a "beef" or a "dairy" category unless more information is available than that which was obtained from auction operators or from traders.

This lack of homogeneity between dairy and beef animals is illustrated by estimates made of dairy breed animals passing through the Los Angeles Union Stock Yards in 1949-50. Some 97,600 cows and heifers, 13,208 calves, 4,349 bulls and stags, and 5,167 steers--all of dairy breeding--went through this public market, ostensibly destined for slaughter. In the course of this same year, 5,016 of these "dairy animals" were released for milk and breeding purposes. If these estimates be correct, over one-fourth of cattle and calf receipts were of dairy breeding.

Over 70 per cent (71) of the purchases were sent to outlets within a 100-mile radius, with about 10 per cent traveling over 300 miles. Most of the latter animals were transported from central and northern California auctions to the Los Angeles milkshed.

Calf Consignments.--Only 8,761 of the 112,000 calves (less than 8 per cent) were consigned to auctions. Farmers (53 per cent) and "other auctions"

It would be a mistake to think that the only way to get the best results is to use the best materials. The best results are often obtained by using the best methods.

There is a great deal of talk about the importance of the individual. But the individual is not the only thing that matters. The individual is only one part of a whole. The whole is what counts. The whole is the sum of all the parts. The whole is the result of all the efforts. The whole is the end of all the means.

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(39 per cent) furnished the bulk. It is highly probable that a considerable number of the auction consignments were of beef origin.^{13/}

Less than one-half of 1 per cent had come from the same auction. The low percentage was partly at least the result of the handling practices with young dairy calves.

Almost 90 per cent (89) of the consignments were transported less than 100 miles. None of the consignments were sent over 300 miles.

Calf Purchases.--Purchases outweighed consignments by over six times. Three-quarters went to slaughterers, packers, or butchers. "Other" outlets accounted for almost one-seventh (13 per cent) of which a considerable number found outlets with jobbers which would indicate that the number marked for slaughter ran between 80 and 85 per cent. A few were custom killed, the meat being wholesaled. A small number were reported as having found an outlet in "rodeo and roping" work. Those sent through the same auction ring totaled less than one-half of 1 per cent. A few were in such poor condition that they were sent to reduction plants.

The outlets were close to auctions at which they were purchased as three-quarters (77 per cent) traveled less than 100 miles after purchase and most of the remainder were disposed of at points between 100 and 300 miles of the purchase points (table 13).

Bull Consignments.--Farmers furnished nine-tenths of the 3,683 bulls consigned the only other important source being "other auctions" which provided about one-twelfth. The proportion furnished by farmers was higher than with any other class of stock. Animals again consigned to the same auction numbered less than 1 per cent.

Distances consignments moved were the shortest estimated for any class of stock as seven-eighths was transported less than 25 miles while most of the remainder were moved from 25 to 100 miles. Only one-half of 1 per cent was moved over 100 miles (table 11).

Bull purchases.--Purchases were only 50 per cent as numerous as consignments. Over half went to butchers, slaughterers, or packers. If custom-killed animals were added, the proportion marked for immediate slaughter would have approached three-fifths. Almost one-fifth traveled to "other auctions" while one-tenth moved to public markets. A few were purchased by farmers and a number were put out on loan with producers. About one in every 100 was sent through the same ring.

Outlets were close by as over four-fifths of the auction purchases were sent to outlets less than 100 miles away (table 13).

^{13/} On January 1, 1951 California was estimated to have had 1,482,000 cows two years old or over and of these, 885,000 were counted as dairy and 597,000 as beef cows. Normally, in a year's time more dairy calves are dropped. Many of the dairy calves are dropped on intensively operated market milk farms and they are not raised for replacements, being disposed of as rapidly as possible after birth.

Lamb and Sheep Consignments.--Consignments of sheep and lambs were relatively unimportant. Few dealers consigned relatively few animals. With possibly three exceptions California livestock auctions handled but few sheep (table 9). The majority of the traders in the sample who handled sheep or lambs did not patronize livestock auctions.

The bulk of the consignments made (over 80 per cent) were obtained from farmers or ranchers while practically all of the remaining animals were brought in from auctions--approximately one-half from "other auctions" and the remaining half from the auction to which the animals were being consigned.

Approximately two-thirds of the consignments were moved from within a 100-mile radius; less than one-third was transported between 100 and 300 miles. A few (about one-twentieth) had been brought over 300 miles. The latter had been sent from Canada to a California auction sale.

Numerous dealers handling large lamb shipments reported heavy east and west movement, especially in stocker and feeder classes, but they did not use auctions as trade channels.

Lamb and Sheep Purchases.--Dealers purchased via the auction between four and five times more sheep and lambs than they sold through the same channel. Seventy per cent of auction purchases were destined for butchers and packers while the farmers and feeders took one-seventh--presumably for stocking or feeding (table 11). The remainder (about one-sixth) was sent to several outlets--public markets, "other auctions," the same auction, wholesale custom slaughter, etc. The number sold at the auction of purchase made up between 2 and 3 per cent of the disposals.

Along with beef cattle, purchases moved greater distances to outlets--almost one-third of the animals moving over 100 miles (table 13). This is not surprising when the location of sheep production is considered. There is no record of purchases being moved to outlets other than those in California.

Swine Consignments.--Relatively few were consigned. Of those reported, slightly over two-fifths originated in "other auctions" and an almost equal proportion with farmers (table 10). The remainder came from numerous sources including auctions to which they were consigned. One in seven had been through the same ring previously. This does not necessarily mean that animals going through an auction more than once are sent through in rapid succession. Many come back after periods on feed. Such consignments are in contrast to those usually thought of as being sold through the same auction. The latter type of sale is often the result of "quick speculation" or buying by the head and reselling by the pound or vice versa.

Almost 90 per cent originated within 100 miles of the sales ring (table 12), the remainder coming from within a 100- to 300-mile radius. None of the consignments were reported as originating outside of the state.

Swine Purchases.--Purchases reported by the traders included in the sample were 12 times larger than consignments. The packer, butcher, or slaughterer took over half (53 per cent) followed by farmers or feeders with a small fourth (23 per cent). The latter were largely feeders. Public markets accounted for one-sixth (16 per cent). The remainder was sent through a variety of outlets, some animals being tagged for custom kill, feed lots and farms of dealers, "other auctions," and sales through the same ring. One out of every 100 went back through the same sales ring at a later date.

Practically all of the 34,000 purchased animals were moved less than 300 miles (table 13). None of the animals were reported as having been purchased at auctions outside of the state.

Auction Appraisal By Dealers

Conversation with dealers indicated that there are several distinct attitudes held with reference to livestock auctions. Since traders stood out prominently in auction patronage and their auction contacts were in most cases frequent, it was believed that individual's opinions might be revealing.

The group's lack of homogeneity has been discussed. Operations vary widely, making for different contacts or none at all in a limited number of cases. A number of the California operators, usually above average in size, buy at large auctions in states outside of California and some of these do no auction business in the state even though headquarters may be within the state. Most of the traders, large and small, operated only intrastate. Some buy and/or sell on one or as many as 20 auctions annually. A few attend as many as five and even six sales weekly. These latter buyers are looking for "bargains"--"sleepers" as such are often called. Others, including packer-buyers, attend some of the larger sales, seeing to it that no one gets anything under the "market." Some traders operating in auction neighborhoods never trade at auctions while there are others who buy and sell exclusively at auction yards.

A uniformity in opinion was not expressed by this group; in fact, if one were voiced, it would be viewed with suspicion. There were two distinct and often contrasting attitudes to the livestock auction as a marketing agency. While the majority commented favorably, the most loyal endorsers were among either the "average" or "below average" sized operators. Among larger traders the "pro" and "con" of the auction as a desirable marketing agency seemed to be more evenly divided. The most common commendations were "the auctions have been excellent markets for small farmers," "all get a fair break," etc. Advantages to small farmers were most frequently expressed.

A not inconsiderable number were neutral in attitude. A number living in the immediate vicinity of the auctions had never patronized them. Some--a minority--were strongly opposed to the auction as a marketing institution. Comparisons with other marketing channels were most frequently made by the latter group such as "the auctions do not measure up to central markets," "I prefer to market direct," "auctions are a waste of farmers' time," and "a farmer will spend a day selling one or two head."

A few pointed out what they believed either had been or would be the auction's effect on their group. Several stated that country buying was becoming more difficult and said very freely that farmers were showing a growing preference for auctions. Another variation of this was given in the statement that they "were making less money." It is probable that some of the functions performed formerly by dealers have been taken over by auctions and the result is that many dealers cannot look upon them as other than direct competitors.

The most frequently mentioned advantages of auction selling were related to livestock assembly. This function has many facets and among those to which attention was called were "convenience," "market for small and odd lots," "a good cull market." Convenience was stressed in a "market close to home." By small and odd lots, dealers were referring not only to numbers but to mixed classes, e.g., milking cow, two calves, and a hog. Odd lots would include classes for which quotations might not be available in the vicinity--"day-old calves," "weaner pigs," "gunners," etc. Cull animals are numerous in many areas and the opinion among dealers is rather strong that farmers have a better opportunity to dispose of them through auctions than through other channels.

Cull livestock is the subject of somewhat acrimonious debate among interested traders. A few--usually the larger operators--said "low quality livestock," "trash livestock," "low class stuff." Observation would lead to a confirmation of low quality livestock passing through a number of auction rings. However, such livestock has been and is utilized, regardless of the channel through which it moves. The real crux of the situation is in the manner in which much of this stock is utilized. One observing trader of long standing focused attention on the problem in "The difficulty is not with the fact that low quality livestock goes through the ring, but that culls often go to the farm instead of to the slaughterer."

As with many arguments and opinions, those on quality cannot be substantiated by reliance on actual data at the present time. Limited observations may be deceptive. There can be agreement that in all market channels a considerable percentage of low grade stock can be found.

Lack of uniformity keeps some traders away from certain auctions, and yet the reverse is sometimes the case. Generalizations might well be avoided. One trader in a not highly developed dairy area bemoaned his ability to obtain "good dairy cows at auctions" while another in a highly developed dairy area stated that he "could get excellent dairy cows at specialized auctions." In some areas specific auctions were named as being assembly points for specific livestock classes, e.g., feeder calves, dairy cows, feeder pigs, etc.

One of the most highly controversial questions was that related to the auctions' influence on prices. Some of the opinions expressed were not always clear as to the meanings which were intended to be conveyed. Some were certain that "cull" and "odd" lots brought higher prices at auctions than elsewhere. Here as elsewhere it was difficult if not impossible to obtain actual comparisons. There were some who were sure that prices were more uniform over an area since auctions had come into the picture. The claim is that prior to the advent of the auction, ranch prices sagged materially compared with the organized markets. The claim is that the depressed prices are no longer evident.

Among traders there is a widespread opinion that auctions have made for a more highly competitive market and this has been expressed in "more competition," "all buyers have a chance to bid," "more buyers," "better prices are obtained through competitive bidding," etc. It was evident that many were thinking of their auction consignments in terms of high prices while a different viewpoint was expressed relative to purchases.

Among an appreciable number an opinion (frequently heard among those farming as well as trading) was that the farmer had come to a better realization of livestock "values." Various reasons were given for this awakening to the "value" sense such as seeing the livestock sold in the ring. Related to this was the view that "the farmer did not lose control of his animals." While not positively contradicted, there might be a number of questions arising as to the validity of the last statement. Some dealers perhaps went a little far in stating that ranchers had become as well informed as traders on "values," but there seems to be a firm belief that auctions have been a source of market information to farmers.

Auction business operations were generally regarded as favorable, the rapidity of settlement being especially stressed. Complete unanimity did not prevail on this point in all sections.

Several disadvantages of auction selling were emphasized and practices of specific auctions were condemned vigorously. Among many there is a strong objection to the auction owner or his employees selling in a ring. As part of this same general criticism is the practice of the auction owner or operator buying at the ranch for selling through the ring. A few auction operators who were also dealers countered with the argument that only by purchasing could a sufficient volume of stock be run through a ring in sufficient quantity to attract buyers. There can be no doubt that the matter of the buying and selling by the owner or operator is a question over which there is a lively debate.

Certain auctioneers' methods were roundly condemned by some and praised by others! The speed of selling came in for frequent comment. At the one extreme was "too rapid selling"--at the other, "too slow selling." Mistakes made by auctioneers, holding up sales, were mentioned.

As with the speed of selling, certain bidding practices were both criticized and defended. One controversial question revolves about the auctioneer starting the bidding. There was mention of "collusion between the auction and the packer."

While there was considerable criticism outside of the dealer group of scales and weighing, this was not mentioned by the California operators.

Several, usually those carrying on above-average-sized operations, were highly critical of the "small auction" for the lack of buyers present.

Misrepresentation was brought up frequently, especially as it related to age, calving dates, pregnancy, production, etc.

Shrink and fill were listed as the source of problems with many ramifications. Sales practices undoubtedly have an influence on weights at which animals are bought and sold. Most of those commenting on certain management procedures in connection with fill and shrink stated that they were aware of such effects and acted accordingly.

Sanitation lacks and disease transmission dangers appeared. The most frequent criticisms came from those who were also stockmen and dairymen. Those traders with a large and rapid turnover did not express themselves so readily. Some specific complaints in this state along these lines were noted among dealers in dairy cattle.

One of the frequently mentioned "disadvantages" is the selling charge. Comparisons are made with other disposal methods and the conclusion was most certainly reached by a number that the auction method is a more costly method of selling. What was often left out of consideration was that there is a very considerable variation between auctions in the rates assessed. Some criticism stems from a lack of uniform charges. Dealers do not in some instances pay the same charges as others--at many yards this is clearly advertised. Probably in instances some dealers are rewarded, e.g., for regular attendance by paying lower selling charges.

Several traders criticized the method of reporting sales at certain auctions. In some instances operators do announce only the highest prices paid at sales and the claim is that such announcements mislead farmers.

In California where it was found that there were a considerable number of newcomers in the trader group, the opinion was expressed by some of the newcomers that numerous older traders were attempting to force them out.

Claims of "monopoly," "favoritism," "personal prejudice" were too frequent to be ignored.

In analyzing many of the criticisms, there can be but little doubt that many dealers had set up in their thinking a free competitive market. What many were attempting to condemn were those forces which they believed were preventing the making of a price under completely competitive conditions.

To seal opinions for or against buying and selling procedures and practices in watertight, isolated compartments is unrealistic. Insofar as the dealer is concerned, he desires to purchase at the lowest prices whereas the auctioneer's job is to get the highest price. Conditions are the reverse with the dealer when he makes consignments. In verity, many dealers' profits sprang from the hazards of the auction system.

The California dealers bought more than they sold at auctions and certain reasons were stressed as advantageous in auction buying. The broad term, "selection," was emphasized by such phrases as "one can obtain the number, class and type of animal desired and at the time it is wanted," "it (the auction) is a convenient place to make up a truck load or a car." A few small operators believed that the auction provided a center where those with small cash reserves could pick up the type wanted and at "the same time offer a reasonable price." In this state with the demand for both dairy and beef cattle, advantages of specialized auctions were mentioned in purchasing dairy cows, feeders, slaughter stock, etc. Several in widely separated areas were not at all hesitant about the opportunities which auctions offered for speculation.

A number of the opinions expressed could be classed as psychological rather than economic in character. In the psychological relationships personalities often play a vital part.

Numerous suggestions were made by those interviewed relative to steps which it was believed would improve the trading by the group. The view that there were too many dealers is no doubt shared by almost all--large and small alike. No doubt, a similar view could be obtained from service station owners and operators! From a limited number came the suggestion for more state regulation of dealer practices. From some trading interstate came a plea for more uniformity in state regulations.

